

## Message Text

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PAGE 01 STATE 255043  
ORIGIN AGRE-00

INFO OCT-01 EA-10 ISO-00 EB-08 /019 R

DRAFTED BY AGRIC:OGSM:CEP:KOSTEPHENS/DHBURNS  
APPROVED BY EB/ICD/CANGEVINE  
AGRIC:OGSM:CEP:GSSHANKLIN  
AGRIC/FAS:BDAVIS  
AGRIC/FAS:ETRANSOM  
AGRIC/FAS:ERBEVIS  
EA/TB:LROCKE

-----128979 251825Z /47

P 251735Z OCT 77  
FM SECSTATE WASHDC  
TO AMEMBASSY BANGKOK PRIORITY

C O N F I D E N T I A L STATE 255043

E.O. 11652: N/A

TAGS: EAGR, TH

SUBJECT: CCC COTTON CREDIT

REF: BANGKOK 22744

1. U.S. COTTON EXPORTERS INVOLVED IN CONTRACT DEFAULT PROBLEM WITH THAIS HAVE RECENTLY SOUGHT HIGH LEVEL SUPPORT BOTH IN STATE DEPARTMENT AND ON HILL FOR THEIR CONTRACT CLAIMS. ISSUE HAS THUS BEEN ESCALATED BEYOND COMMERCIAL DISPUTE TO FOREIGN POLICY LEVELS.

2. DIRECT INVOLVEMENT OF USG IN CONTRACT DISPUTE IS NOT A VIABLE OPTION AT THIS POINT. INTERFERENCE BY USG IN MATTER THAT IS IN LITIGATION BETWEEN PRIVATE PARTIES IS OF QUESTIONABLE PROPRIETY, AND COULD POSSIBLY AFFECT DECISION OF THAI COURTS. USDA ALSO RELUCTANT TO USE CCC LEVERAGE  
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FURTHER BY MAKING SECOND ANNOUNCEMENT THAT EARLIEST ACCEPTABLE DATE FOR SALES REGISTRATION HAS BEEN ADVANCED BY USG. ACSA HAS REQUESTED MEMBERS NOT TO REGISTER SALES FOR TIME BEING, BUT THIS CAN ONLY BE CONSIDERED TEMPORARY HOLDING ACTION.

3. IT THUS HIGHLY DESIRABLE THAT MEANS BE WORKED OUT

THROUGH WHICH CCC CREDIT COULD GO FORWARD TO MOST THAI MILLS, BUT THAT WOULD EXCLUDE USE OF CREDIT BY DELINQUENT

MILLS. BELIEVE, BASED ON SIMILAR EXPERIENCES IN OTHER COUNTRIES, THAT SUITABLE MEANS MIGHT BE FOR THAI TEXTILE MANUFACTURING ASSOCIATION TO DETERMINE CRITERIA WHICH MIGHT BE USED TO SELECT THOSE MILLS WHICH WOULD BE ELIGIBLE FOR CCC CREDITS (AS SUGGESTED REFTEL).

4. REQUEST THAT EMBASSY CONTACT MONTRI AS SOON AS POSSIBLE TO CONFIRM U.S. INTENT NOT TO WITHHOLD CCC CREDITS PROVIDED THAT MEANS CAN BE WORKED OUT WITH TTMA TO UTILIZE CREDIT WITHOUT FURTHER UNDERMINING SUPPORT OF U.S. COTTON INDUSTRY FOR CREDIT. IN ADDITION TO DESCRIBING PROBLEM AND ENCOURAGING COOPERATION BETWEEN TTMA AND U.S. EXPORTERS, EMBASSY SHOULD NOTE THAT SUCCESSFUL RESOLUTION OF CONTINUING DISPUTE OVER DEFAULTING CONTRACTS WOULD CONTRIBUTE IMPORTANTLY TO IMPROVED ENVIRONMENT FOR U.S.-THAI COTTON TRADE. KEN STEVENS AND REPRESENTATIVES OF U.S. EXPORTERS WILL BE ARRIVING IN EARLY NOVEMBER TO FOLLOW-UP ON EMBASSY'S ACTION.

5. WE BELIEVE IT ALSO DESIRABLE FOR EMBASSY TO ADVISE APPROPRIATE GOVERNMENT OF THAILAND OFFICIALS OF U.S. EFFORTS TO WORK OUT ARRANGEMENTS WITH TTMA AND OF CONCERN THAT CONTINUED FAILURE TO RESOLVE CONTRACT DISPUTES WILL  
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WEAKEN U.S. DOMESTIC SUPPORT FOR CREDIT PROGRAMS OF MUTUAL BENEFIT TO U.S. COTTON EXPORTERS AND THAI COTTON IMPORTERS. VANCE

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## Message Attributes

**Automatic Decaptioning:** X  
**Capture Date:** 01-Jan-1994 12:00:00 am  
**Channel Indicators:** n/a  
**Current Classification:** UNCLASSIFIED  
**Concepts:** COTTON, CREDIT, CONTRACTS  
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**Decaption Date:** 01-Jan-1960 12:00:00 am  
**Decaption Note:**  
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**Disposition Approved on Date:**  
**Disposition Case Number:** n/a  
**Disposition Comment:** 25 YEAR REVIEW  
**Disposition Date:** 22 May 2009  
**Disposition Event:**  
**Disposition History:** n/a  
**Disposition Reason:**  
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**Executive Order:** GS  
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**Review Markings:**  
Margaret P. Grafeld  
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